GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3598
ANSWERED ON:25.08.2006
TAX EXEMPTION TO NEDFC
Sarma Dr. Arun Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether a proposal for granting Income Tax Exemption to North Eastern Development Finance Corporation Ltd. is under consideration of the Government; and

(b) if so, the details thereof and the time by which it is likely to be declared?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

(a) & (b): The North Eastern Development Finance Corporation Ltd. had been granted exemption from income tax till Assessment Year 2005-2006 vide Finance (No.2) Act, 1996. Further, vide the Taxation Laws (Amendment) Act, 2006 enacted in July, 2006, a new clause (23BBF) has been inserted in section 10 of the Income-tax Act, 1961, whereby the income of the said Corporation has been granted income-tax exemption for a further period, to the extent of :

(i) 80% of the total income for assessment year beginning on the 1st day of April, 2006;

(ii) 60% of the total income for assessment year beginning on the 1st day of April, 2007;

(iii) 40% of the total income for assessment year beginning on the 1st day of April, 2008;

(iv) 20% of the total income for assessment year beginning on the 1st day of April, 2009.

Exemption will not be granted in respect of income for the assessment year beginning on the 1st day of April, 2010 and any subsequent assessment years.